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Arizona Corporation Commission
BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

JAN 12 2000

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

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IN THE MATTER OF THE JOINT APPLICATION
OF GATEWAY TECHNOLOGIES, INC. AND T-
NETIX FOR AUTHORITY TO TRANSFER
CONTROL OF OWNERSHIP.

DOCKET NO. T-02979B-99-0459
T-02968A-99-0459

DECISION NO. 62232

ORDER

Open Meeting
January 5 and 6, 2000
Phoenix, Arizona

BY THE COMMISSION:

On August 4, 1999, Gateway Technologies, Inc. ("Gateway") and T-NETIX, Inc. ("T-NETIX") filed with the Arizona Corporation Commission ("Commission") a joint application for approval of the sale of the assets and transfer of ownership of Gateway to T-NETIX.

On October 27, 1999, the Commission's Utilities Division Staff ("Staff") filed a Staff Report, in which it recommended approval of the application without a hearing.

DISCUSSION

Gateway is a privately held corporation pursuant to the laws of the state of Texas and received a Certificate of Convenience and Necessity ("CC&N") to operate as a Customer Owned Pay Telephone ("COPT") provider in Decision No. 59367, dated November 1, 1995.

T-NETIX is a publicly held Colorado corporation traded on the NASDAQ exchange. It was granted a CC&N to operate in the State of Arizona as a COPT provider under the name Tele-Matic in Decision No. 59293, dated September 22, 1995.

Gateway currently offers automated operator assisted calling to inmates in prisons, jails, and other confinement institutions in 42 states across the country. Gateway has enjoyed considerable revenue growth in recent years. In 1998, Gateway reported revenues of \$30.3 million and net earnings of \$5,000.

T-NETIX is a manufacturer of equipment used by inmates of confinement institutions in

1 Arizona, and also provides such inmates operator assisted calling services. T-NETIX has been
2 financially strong in recent years with revenues of \$38.2 million in 1998, and reported net earnings of
3 \$599,000.

4 * * * * *

5 Having considered the entire record herein and being fully advised in the premises, the
6 Commission finds, concludes, and orders that:

7 **FINDINGS OF FACT**

8 1. Gateway provides automated operator assisted calling to inmates of prisons, jails, and
9 other confinement institutions.

10 2. T-NETIX is a manufacturer of equipment utilized by inmate service providers and
11 also provides such inmates operator assisted calling services.

12 3. On August 4, 1999, Gateway and T-NETIX filed a joint application for approval of
13 the sale of the assets and transfer of ownership of Gateway to T-NETIX.

14 4. On October 27, 1999, Staff filed a Staff Report, in which it recommended approval of
15 the application without a hearing.

16 5. Both Gateway and T-NETIX are financially strong independently but would have
17 greater opportunities for future growth as a result of the merger.

18 6. Gateway will become a wholly-owned subsidiary of T-NETIX, but will operate as a
19 separate entity.

20 7. The customers of Gateway will experience no interruption of service or change in the
21 management or operation of the company and the transaction will have no effect on Gateway's name,
22 services, rates, or terms and conditions of service.

23 **CONCLUSIONS OF LAW**

24 1. Gateway and T-NETIX are public service corporations within the meaning of Article
25 XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

26 2. The Commission has jurisdiction over Gateway and T-NETIX and the subject matter
27 of the application.

28 3. Notice of the application was given in accordance with the law.

1 4. The transfer approved herein is for lawful purposes, within Gateway and T-NETIX's
2 corporate powers, and is compatible with the public interest.

3 **ORDER**

4 IT IS THEREFORE ORDERED that control of ownership shall be transferred from Gateway
5 to T-NETIX.

6 IT IS FURTHER ORDERED that the transfer be approved, on the condition that the
7 applicants notice the administration of the institutions where service is provided, and affidavits of
8 such notice shall be filed with the Commission within 90 days from the effective date of this
9 Decision.

10 IT IS FURTHER ORDERED that inmates located in confinement institutions served by T-
11 NETIX will continue to be charged the rates in T-NETIX's tariff on file with the Commission.

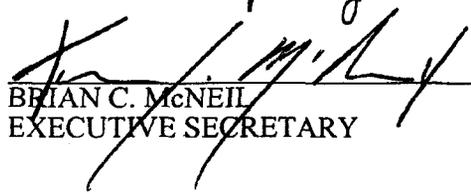
12 IT IS FURTHER ORDERED that inmates located in confinement institutions served by
13 Gateway will continue to be charged the rates in Gateway's tariff on file with the Commission.

14 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

15 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

16
17 
18 CHAIRMAN COMMISSIONER COMMISSIONER

21 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
22 Secretary of the Arizona Corporation Commission, have
23 hereunto set my hand and caused the official seal of the
24 Commission to be affixed at the Capitol, in the City of Phoenix,
25 this 12th day of January, 2000.

26 
27 BRIAN C. McNEIL
28 EXECUTIVE SECRETARY

27 DISSENT _____
28 SG:dap

1 SERVICE LIST FOR: GATEWAY TECHNOLOGIES, INC. AND T-NETIX

2 DOCKET NO. T-02979B-99-0459 AND T-02968A-99-0459

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